
Government Keen To Revive Ailing Construction Sector

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The Armenian government will offer civil servants mortgage loan guarantees and grant residency permits to foreigners buying real estate in the country in an effort to end the continuing decline of the domestic construction industry.

The sector was the main engine of Armenia's double-digit economic growth in the 2000s. The construction boom fuelled by strong demand for expensive housing and office space ended with the 2008-2009 global financial crisis that plunged the Armenian economy into recession. The sector has remained in crisis since then, slowing down the country's economic recovery.

Speaking at a weekly cabinet meeting on Thursday, Prime Minister Tigran Sarkisian expressed concern at a further 8.5 percent decrease in the volume of construction work which he said has been registered this year. He primarily blamed the decline on weak demand for luxury apartments.

'On the other hand, we can see that there is demand for economy-class apartments but their supply is not big,' Sarkisian told ministers. 'We have started drawing up a program aimed at stimulating the construction sector.'

In that context, the premier stressed the need to make it much easier for thousands of civil servants to buy such apartments. He said the government is ready to guarantee their down payments demanded by mortgage lenders. Those are typically equivalent to 30 percent of apartment prices.

'We are ready to provide civil servants with guarantees covering that 30 percent share so that the banks do not demand 30 percent down payments,' said Sarkisian. The government should start the registration of public sector employees interested in this scheme already this year, he added.

According to Sarkisian, the government will also seek to 'substantially' lower construction costs by having the Yerevan municipality allocate cheaper land to private developers.

As part of the same effort, the government also approved a bill that would allow foreign nationals owning real estate in Armenia to quickly obtain residency permits.
